

ARLINGTON FINANCE COMMITTEE
MINUTES OF MEETING
7:30PM COMMUNITY SAFETY BUILDING
4/11/11

ATTENDEES:

McGaffigan*	Bayer*	Jenkins*	Phelps	Corredera*
DeCoursey*	Connors*	Simmons*	Gibian*	
Tosti*	Foskett*	Deyst*	Ronan*	
Ferrara	Franclemont	Jones*	Deshler*	
DuBois*	Howard*	Fanning*	Carman*	Turkall*

* Indicates present

VISITORS: President Schools For Children Ted Wilson, FinanceDirector Schools for Children Dale Lemke, Tom Britt, Deputy Town Manager Adam Chapdelaine, Director Arlington Childrens Center Mat Dolan, Gwen Hooper

RESERVE FUND TRANSFERS: VOTED \$80,890 to AYCC to cover two buyouts for long term employees.(Ref 1) Unanimous

No formal request received from Town Clerk.

BUD 11 TOWN CLERK: GenGovSubCom(DuBois) corrected the longevity for Clerk based on election results. She corrected the Assistant Clerk salary & longevity based on likely replacement. VOTED \$223,588. Unanimous.

BUD 5 IT: FinanSubCom(Corredera) recommended the budget as printed. He expressed concern with the expenses and possible overlap with the capital budget.

VOTED \$511,484 Unanimous

BUD 4 PERSONNEL: Tosti (after a discussion w/ Phelps) recommended adding an additional position to the staff. This position will concentrate on school personnel admin and 1/2 the salary will be in the school budget. This is part of the consolidation recommendation (Art 44). VOTED \$41,500 13-3

BUD 14 PLANNING: GenGovSubCom(Howard) Recommended a \$2000 increase in the ConCom offset from their fees & fines fund (decrease in salaries) based on a vote by the ConCom. VOTED \$220,421 Unanimous

ART 57 CAPITAL BUDGET FinanSubCom(Foskett) recommended several changes to the Capital Budget. He will adjust the FY12 plan as needed to keep the FY12 non-exempt budget within 5% of revenues. He will provide documentation. The changes were voted separately.

VOTED \$15000 for FY12 from Cash for Robbins Farm slide to be paid by Friends of Robbins Farm, removing FY13 expenditure of \$25,000.

VOTED \$20k increase in revenue from antenna fund. Unanimous

VOTED to move \$200k bonded expense from FY13 to FY12 bonded expense to fund Stratton improvements in order to qualify for MSBA Green Grant. Unanimous. This expense will be covered by a Green Grant which must be spent in FY 11.

VOTED to remove \$120k from debt service. Unanimous. This expense, intended for the annual Thompson improvement, is no longer needed because of the \$20m rebuild appropriation intended for authorization at STM.

BUD 18c FIRE: PubSafeSubCom(Bayer) requested that the 2 firefighters to be paid from the ambulance fund, be listed with appropriate explanation.

BUD 17 PUBLIC WORKS PubWksSubCom(Deshler) said she had verified the curbside collection contract cost as printed in the budget book. VOTED the Sanitation Budget \$2,974,492 Unanimous.

STM ART 2 ADJUST FY 11 AYCC BUDGET: The budget should have included the cost of contract workers to be paid mostly by 3d parties (Ref 2). VOTED an increase in expenses and revenues of \$118,357. Unanimous.

STM ART 3 AHS FLOOD REPAIR: VOTED transfer of \$92,000 from Building Fund to School Budget. Unanimous.

STM ART 4 CAPITAL BUDGET STRATTON: VOTED no action based on ART 57 vote. Unanimous Adequate cash on hand if needed before July. Foskett to provide comment.

STM ART 7 MASS AVE SIDEWALKS: VOTED no report since no appropriation required. BoS will report. (Their vote in draft FinCom report for info.)

ART 21 CLOSING OF WARRANT: No report. Tosti will introduce substitute motion if too short a period is recommended by BoS. Unanimous

ART 22 STANDING VOTES No report. Unanimous

ART 34 & 35 PAYT Since BoS has not yet voted, FinCom has nothing to vote on. VOTED to report at Town Meeting Unanimous

ART 41 & 42 BRICK SIDEWALKS: BoS is handling. No report. Unanimous.

ART 59 SEWERS: VOTED \$1.3m since no grant available. Unanimous.

ART 70 INCREASE COLA BASE: Total cost for these elderly qualifiers about \$55,000. VOTED favorable action. Unanimous

ART 38 & 39 PARMENTER & CROSBY: BoS has voted to sell or lease. Foskett, using a detailed handout (Ref 3) explained why he believes these buildings are, at best, breaking even when sufficient annual repair & maintenance and administrative costs are considered. Since he believes these buildings do not serve a core municipal interest, they should be sold. This view is quite different from the view expressed by Corredera on 4/4. An animated discussion followed. VOTED to support the BoS .

ART 38 Parmenter 14-3

ART 39 Crosby 13-3-1

Ref 1 AYCC Transfer Request

Ref 2 Draft FinCom Report

Ref 3 Selling Town Assets

Ref 4 Special Town meeting Art 3

COMMITTEE All members to check their budgets as printed in Jones' draft. Also provide notes on these budgets for Tosti's use at Town Meeting.

RESERVE FUND BALANCE: \$882,344.49-\$80,890=\$801,454.49 (\$398,710.26 after expected transfers)

Peter Howard 4/11/11 Revised 4/19/11

cc FinCom Members, Library File, Town Web Site

VOTE SUMMARY – Articles

# 2/10	#	#	Title	Date Heard	Date Voted	Status (Unlisted votes were unanimous)
21			Closing Of Warrant	2/16	4/11	No report
22			Standing Votes	2/16	4/11	No report
23			Snow Shoveling	2/9		
30			Civil Service Exemptions	2/9		
31			GIC	2/9	3/30	Will report
32			GIS Health Reimbursement Accounts	2/9,2/23	3/30	Support
33			Antenna Leases Renewal	2/9		
34			PAYT Program	2/14	4/11	Will report
35			Trash Removal Enforcement	2/14	4/11	Will report
36			Transfer of 23 Maple St	2/9	4/4	No action 14-4
37			Disposition of 23 Maple St	2/9	4/4	No action 15-3
38			Disposition of Parmenter	2/9 4/4	e/4	Support BoS 14-3
39			Disposition of Crosby	2/9 4/4		Support BoS 13-3-1
40			Crosby School Land	2/16		
41			Brick Curb Cut Policy	2/16	4/4	No report
42			Bricks Replacement Senior Ctr	2/16	4/4	No report
43			Reserve Fund Policy	2/14	2/14	No action
44			Consolidate Human Resource Dept	2/9,3/14	3/30	Support
45			Human Resource Dept Pay Plan	2/9	3/30	No action
46			Financial Report	3/14	3/30	No action
47			Budget Submissions	3/14	3/30	Support
48			Budget Bylaw	3/14	3/30	No action
49			Economic Advisory Group	3/14	3/30	No action
50			Extend ReOrg Committee	3/14	3/30	Support
51			Consolidation Finance Depts	3/2	3/30	Support 9-7
54			Collective Bargaining	2/9	2/9	Will report
55			Positons Reclssifications	3/28	3/28	\$6898
57			Capital Budget	2/28	2/28	\$8,448,540
58			Sidewalks on MassAve	3/14	3/14	No action
59			Sewers	2/9	3/30 4/11	\$1,300,000
60			Water	2/9	3/30	\$700,000
61			Minuteman Tech	3/23	3/23	\$2,352,988
62			Committees & Commissions	2/9	2/16,3/30	\$14,760
63			Celebrations	2/9	2/16	\$10,167
64			Misc Approp-Indemnity, OOS Travel	2/9	3/2 3/30	\$9,540+\$1,500
65			Water Bodies	2/23	2/23	No action
66			Water Bodies	2/23	2/23	\$20,000
67			Pension Adjustment	2/7 3/28	3/28	Approve
68			OPEB	2/7 3/30	3/30	\$389,428
69			Increase COLA Base	2/7 3/28	3/28	No action 16-1
70			Increase Survivors Benefits	2/7 3/30	4/11	Favorable action
71			Local Option Taxes	3/14	3/14	No action
72			Tip Fee Stab Fund	3/14	3/14	\$450,000
73			Transfer of Cemetery Funds	3/30	3/30	\$150,000
74			Overlay Reserve	3/14	3/14	\$200,000
75			Stabilization Fund	3/14	3/30	No action
76			Free Cash	3/14	3/14	\$385,249
STM2			Amendments to FY11 budget	3/21	4/11	\$118,357=+Rev=+Exp
STM3			AHS Repair	3/16,21	4/11	\$92,000
STM4			Stratton School Capital Budget	4/4	4/11	No action
STM5			Thompson School Capital Budget	4/4	4/4	\$20,000,000
STM6			Unpaid bills from previous years	3/16	4/4	\$4,207
STM7			Mass Ave Sidewalks	4/11	4/11	No report

VOTE SUMMARY-Budgets

#	Title	Date Heard	Date Voted	Amount	Vote Unlisted votes were unanimous
1	FinCom	2/16	2/16	10618	
2	Board of Selectmen	3/14	3/14	341378	
3	Town Manager	2/23	2/23	399995	
4	Personnel	3/28	3/28 4/11	209372	13-3
5	Information Technology	4/11	4/11	511484	
6	Comptroller	2/23	2/23	388576	
7	Treasurer	3/9,21	3/21	558985	
8	Postage	3/21	3/21	156848	
9	Assessors	2/28	2/28	295315	
10	Legal	2/23	2/23	409219	
11	Town Clerk	3/9	4/11	223588	
12	Registrar of Voters	3/21	3/21	57863	
13	Parking	3/21	3/21	106460	
14	Planning	2/28	3/2 4/11	220421	
15	Redevelopment Board	3/23	3/23	270539	
16	Zoning Board of Appeals	3/2	3/2	18084	
17	Public Works	3/23	3/23 4/11	10022797	Cemetery 11-2
18a	Community Safety Admin	3/9	3/9	389059	
18b	Police	3/9	3/9	5485412	
18c	Fire	3/2	3/2	5282657	
18d	Support	3/9	3/9	718214	
19	Inspections	3/28	3/28	367242	
20	Education	3/16	3/21	38516006	
21	Library	2/16	2/16	1804517	
22a	Health & Human Services	3/9	3/28	259329	
22b	Veterans	3/9	3/28	326585	
22c	COA	3/9	3/28	160280	
23	Retirement	3/21	3/21	7329440	
24	Insurance	3/2,3/9	3/9	19986646	
25	Reserve Fund	3/30	3/30	600000	10-5
W&S EF	Rev 17579732 Exp 17579732	3/28	3/28		16-1
Rec EF	Rev 542500 Exp 528351	3/28	3/28		
Rnk EF	Rev 543800 Exp 538736	3/28	3/28		
COA EF	Rev 98050 Exp 96418.	3/9	3/28		
Youth EF	Rev 437566 Exp 434923	3/9,3/28	3/28	89066	



**Town of Arlington
Office of the Town Manager**

**Adam W. Chapdelaine
Deputy Town Manager**

**730 Massachusetts Avenue
Arlington MA 02476-4908
Phone (781) 316-3010
Fax (781) 316-3019
E-mail: achapdelaine@town.arlington.ma.us
Website: www.arlingtonma.gov**

To: Finance Committee

From: Adam Chapdelaine, Deputy Town Manager

RE: AYCC Retirements Reserve Fund Transfer Request

Date: April 5, 2010

The Director of Health and Human Services has requested a reserve fund transfer in the amount of \$80,890.17 in order to cover the costs associated with the retirement of two long term employees from the AYCC. The cost breakdown by category is as follows:

Deferred	\$	23,208.52
Sick	\$	45,591.56
Vacation	\$	9,685.10
Longevity	\$	2,404.99
Total	\$	80,890.17

As a point of information, as of April 5, 2011, the balance in the deferred payment trust fund is \$100,623.12.



**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF THE BOARD OF HEALTH**

Town of Arlington

27 Maple Street
Arlington, Massachusetts 02476

Christine M. Connolly, MPH, CHO
Director of Health and Human Services

Tel: 781 316-3170
Fax: 781 316-3175

MEMO

TO: Adam Chapdelaine, Deputy Town Manager

FROM: Christine Connolly, Director of Health and Human Services

DATE: April 5, 2011

RE: AYCC Buyouts-transfer request

Two long-serving employees Leon Cantor and Paul Grossman retired this past July from AYCC resulting in a large buyout that cost the department \$80,890.17.

I am writing to request a reserve fund transfer in that amount in order to keep the fund in the black. The transfer should be put into: 655-4972.

Please do not hesitate to contact me should you need additional information regarding this matter.

DRAFT 4/12/11

**Town of Arlington
Massachusetts**

**Report of the
Finance Committee**



**ANNUAL TOWN MEETING
Monday April 25, 2011**

**SPECIAL TOWN MEETING
Monday, May 9, 2011**

THE FINANCE COMMITTEE

ALLAN TOSTI, *Chairman*

RICHARD C. FANNING, *Vice Chairman*
CHARLES T. FOSKETT, *Vice Chairman*

ALAN JONES, *Vice Chairman*
PETER B. HOWARD, *Secretary*

PRECINCT	TERM ENDS	PRECINCT	TERM ENDS
1 PAUL MCGAFFIGAN	2011	11 ROBERT JENKINS	2011
2 STEPHEN W. DECOURCEY	2013	12 KENNETH J. SIMMONS	2012
3 ALLAN TOSTI	2012	13 JOHN J. DEYST, JR.	2013
4 RYAN J. FERRARA	2011	14 ALAN JONES	2013
5 ABIGAIL DUBOIS	2011	15 RICHARD C. FANNING	2012
6 PAUL BAYER	2011	16 ERIN PHELPS	2011
7 JOSEPH CONNORS	2013	17 GRANT GIBIAN	2012
8 CHARLES T. FOSKETT	2013	18 MARY RONAN	2013
9 MARY MARGARET FRANCLEMONT	2012	19 CHRISTINE DESHLER	2012
10 PETER B. HOWARD	2011	20 DEAN CARMAN	2011
		21 RICHARD CORREDERA	2011

GLORIA TURKALL
Executive Secretary

The Finance Committee was established by vote of the Town over a century ago on March 7, 1895. Article 33 provided for the selection of a "committee of twenty-one", which would consider all articles in the warrant involving an appropriation of money and "make report thereof in print, with their estimates and recommendations for final action of the town....."

Arlington's Finance Committee, however, was not the first in the state. According to the Massachusetts Finance Committee Handbook, "The Finance Committee's beginning was the action of a group of citizens of Quincy in 1870 who created themselves a committee to restore financial order." In 1910, the legislature required finance committees for every town "whose valuation for the purposes of apportioning the state tax exceeds one million dollars." Chapter 39, Section 16, also provided that any other town may "by by-law provide for the election or the appointment and duties of appropriation, advisory or finance committees, who shall consider any or all municipal questions for the purpose of making reports or recommendations to the town...."

In Arlington, the duties and responsibilities of the Finance Committee are stated in the Town Manager Act, Sections 31-35, and in the Bylaws, Title I, Article 7. Finance Committee members must be registered voters of the town. They are appointed by a three-member committee composed of the Moderator, the chairman of the Finance Committee and the chairman of the Board of Trust Fund Commissioners.

Under Section 4 of Article 7 of Title I of the Bylaws, the Finance Committee "shall consider all articles contained in any warrant except articles on zoning...and those articles which do not require or request an appropriation of money...said committee shall make recommendations, and shall report in print, if possible at or prior to each town meeting, but the omission of said committee so to consider, recommend and/or report shall not affect the validity of any vote or other action at any town meeting. The committee shall also make such general suggestions, criticisms and recommendations, as it may deem expedient. Nothing contained in this section shall preclude the Committee from considering, if it sees fit, articles which do not require or request an appropriation of money."

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GLOSSARY

AVAILABLE FUNDS -- See Unencumbered Funds

CHERRY SHEET -- Cherry-colored form showing state and county charges and reimbursement to the Town as certified by the State Director of Accounts.

ENTERPRISE FUNDS -- Funds that account for all revenues and expenditures for services and allow surpluses to be used to reduce user fees for the services or to pay for capital improvements. Each fund has an independent budget. Losses are made up from the Town's general fund. Presently, Arlington has enterprise funds for Council on Aging Transportation, Recreation, Veterans' Memorial Rink, Water & Sewer and Youth Services.

FISCAL YEAR -- July 1 through June 30.

FREE CASH -- See Unencumbered Funds.

OVERLAY -- Funds set aside to cover abatements and exemptions. The amount is determined by the Board of Assessors.

OVERLAY RESERVE -- Unused accumulated amount of Overlay for previous years that is not required to be held in a specific Overlay account for a given year. Once released by the Board of Assessors, the funds may be used for any municipal purpose.

RESERVE FUND -- A fund established by the Annual Town Meeting. It is under control of the Finance Committee, which may authorize transfers for extraordinary or unforeseen expenditures. The fund may be composed of an appropriation of not more than 5% of the tax levy for the preceding year.

STABILIZATION FUND -- A special account created to provide a reserve for municipal expenditures.

SURPLUS REVENUE -- The total amount of cash, accounts receivable, and other current assets that exceed liabilities and reserves.

UNENCUMBERED FUNDS -- The amount of surplus revenue, minus uncollected taxes of prior years. Unencumbered funds must be certified by the State Bureau of Accounts before they can be used. Also known as Free Cash or Available Funds.

REPORT OF THE CHAIR OF THE FINANCE COMMITTEE

At the end of this fiscal year on June 30th, the Town will have completed the last year of its five-year financial plan. As you know, this is a key component of the “Lyons” plan that was adopted by all of the major boards of the Town and the citizens with their generous approval of the operating override in June 2005. It would be helpful to review the major components of this plan.

- No additional operating overrides for five years*
- A 4% cap on all operating budgets*
- Any increase in insurance above 7% would reduce the operating budget increase*
- Increase elderly exemptions (which was accomplished at the 2005 Town Meeting)*
- Push by all town officials for appropriate increases in local aid*
- Maintain reserves of 5% of total expenditures*

With the cooperation of all of the Town’s officials and committees, we have successfully kept all of our promises to the citizens of the Town.

As we proceeded last fall toward discussions involving a new 5 year plan, it soon became clear that an override of the limits of Proposition 2 ½, which would have been the cornerstone of a new plan, would be difficult if not impossible to pass this year. This political roadblock resulted, in my opinion, for three reasons. The first is the continuing recession which has left many of our citizens unemployed or underemployed. Even with the economic improvements, unemployment remains high. The second is the continuing controversy over the firing of school employees which has left many people alienated from the Town government. The third, the last minute reversal and rejection by the teachers union of joining the Government Insurance Commission (GIC), has left many other people alienated from supporting an override. These issues will continue to be a problem unless they can be solved by next spring.

Another challenge this fall will be the State ballot question on reducing the sales tax to 3%, which would result in the loss of over half of the State’s revenue from that tax. If this makes it to the ballot and passes, we can look forward to another round of reductions in State assistance. As it stands today, we are projected to receive in fiscal year 2011 approximately the same local aid we received in 1987.

Under these circumstances, the Finance Committee, in cooperation with other Town officials proceeded to move ahead with the fiscal year 2011 budget. Our hope that we would at least be level funded rose with the Governor’s budget and was quickly dashed by the House and Senate leadership. They stated that State finances could not afford level funding of local aid and that cities and towns could expect at least a 4% reduction in the major aid categories.

With this in mind we have committed to the use of a large amount of our reserves to prevent a drastic reduction in Town services. Our recommendations allocate over \$4 million in reserves and one-shot monies to support Town services. They include:

<i>\$1,580,000</i>	<i>Remaining balance of the fiscal stability fund</i>
<i>749,327</i>	<i>Remaining stimulus funds from the Federal Government</i>
<i>680,000</i>	<i>Tip fee stabilization fund (which will be depleted in 3 years)</i>
<i>582,051</i>	<i>Free cash</i>

<u>500,000</u>	Overlay reserve surplus
\$4,091,378	Total

This is a large commitment of the Town's reserves, one which cannot be repeated next year. However, some within Town have urged the Finance Committee to go further and utilize funds from the Town's last reserve, the long term stabilization fund. The Finance Committee heard a presentation recommending the use of these emergency funds, discussed the proposal and voted unanimously against the proposal. The Finance Committee believes any additional use of reserves is financially reckless and will leave the Town with no flexibility to meet next year's more severe challenges. (See Appendix D). We believe it would endanger the Town's AAA bond rating and lower public confidence in the Town's ability to manage its finances.

The Finance Committee has been working since late January reviewing budgets and examining the revenue projections for next year. We have been trimming budgets where possible, but unfortunately we have also had to add money into budgets facing increasing deficits such as unemployment and snow and ice. As promised, the House Ways and Means Committee cut our major categories of aid by 4%, which reduced our available revenues by approximately \$550,000. At the same time, the House Ways and Means Committee released a Municipal Relief bill which contained a provision to allow cities and towns to stretch the amortization of their pension liability to 2040 from the current 2030. The Finance Committee voted to reduce the pension appropriation in anticipation of final passage, and this combined with the commitment of the reserve fund to fund part of the snow and ice deficit allowed us to recommend some additional funds into the budgets. Final decisions were made following the revised State aid numbers as budgets were balanced to available revenue on April 14th.

In closing, we need to emphasize the importance of controlling appropriations in the fiscal year 2011 budget. In the summer of 2009, when we last issued Town bonds, the Town maintained its high AAA rating from Standard and Poor's, which rates the Town's bonds. We accomplished this because we have a long term revenue and expenditure plan, a capital plan with strong support from this body, and continued funding of the retiree health insurance fund. We cannot use any more of the Town's reserves without jeopardizing the Town's future financial condition. The financial crisis we face will not be a one year crisis, and the voters must know that the Town can control expenditures and maintain a balanced budget. We need to utilize conservative financial practices if we are to maintain our high credit rating, which lowers interest costs for future bonding and keeps faith with our promise to the voters.

As in past years, we ask for your support in keeping the budgets balanced. We have allocated revenues as prudently and fairly as possible. Proposed increases must be balanced by reductions elsewhere. As always, we are available to answer any questions you may have.

Respectfully submitted,

Allan Tosti, Chair

The Finance Committee recommends passages of the following votes:

(Unless otherwise indicated, the following recommendations were by unanimous votes: any exceptions are noted in parentheses following the text of the recommended vote. The Chairman votes only when the recommendation of the Finance Committee will be affected.)

ARTICLES 3-30 The Redevelopment Board and Board of Selectmen will report on these articles.

ARTICLE 31 HOME RULE LEGISLATION/GROUP INSURANCE COMMISSION

To see if the Town will vote to authorize and request the Board of Selectmen to file Home Rule Legislation with the General Court to allow the Town to provide health-insurance benefits to its employees, retirees, and their dependents through the Group Insurance Commission without the necessity of collective bargaining; or take any action related thereto.

(Inserted at the request of the Town Manager)

The Finance Committee will report on this article at Town Meeting.

**ARTICLE 32 HOME RULE LEGISLATION/GROUP INSURANCE COMMISSION
HEALTH REIMBURSEMENT ACCOUNTS**

To see if the Town will vote to authorize and request the Board of Selectmen to file Home Rule Legislation with the General Court to allow the Town to offer Health Reimbursement Accounts for its employees in the Group Insurance Commission; or take any action related thereto.

(Inserted at the request of Barbara Goodman and 10 registered voters)

**VOTED: That the Finance Committee supports the Favorable Action
recommendation of the Board of Selectmen.**

COMMENT: The Finance Committee believes that the creation of this account will help to meet some of the concerns of Town employees in joining the Group Insurance Commission. This account will protect those employees with high medical needs from very high co-pays and deductibles.

ARTICLES 33 The Board of Selectmen will report on this article.

**ARTICLE 34 VOTE/PAY AS YOU THROW (PAYT) TRASH COLLECTION
PROGRAM**

To see if the Town will vote to implement a pay as you throw (PAYT) trash collection program, including any changes to its Bylaws, rules and regulations and/or the adoption of a supporting resolution as may be required for implementation of said PAYT trash collection program; or take any action related thereto.

(Inserted at the request of the Arlington Recycling Committee)

The Finance will report on this Article at Town Meeting.

ARTICLES 35 BYLAW AMENDMENT/TRASH REMOVAL

To see if the Town will vote to amend the Town Bylaws to require compliance with Town solid waste removal methods, provide for enforcement and determine penalties for violations thereof; or take any action related thereto.

The Finance will report on this Article at Town Meeting.

ARTICLE 36 **TRANSFER OF REAL ESTATE/23 MAPLE STREET**

To see if the Town will vote to transfer the care, custody, management, and control of 23 Maple Street and/or its appurtenant land to the Board of Selectmen for any municipal purpose; or take any action related thereto.

(Inserted at the request of the Town Manager)

VOTED: That the Finance Committee supports the No Action recommendation of the Board of Selectmen. (14-4)

COMMENT: The Finance Committee does not, at this time, support the sale of this house. The house is currently an integral part the urban renewal district and provides parking for tenants of that district. In addition the current tenants provide a significant rental income to the district. The Finance Committee has requested a payment in lieu of taxes to help with the Thompson School project.

ARTICLE 37 **DISPOSITION OF REAL ESTATE/23 MAPLE STREET**

To see if the Town will vote to authorize the Board of Selectmen to dispose of 23 Maple Street and/or its appurtenant land by sale or otherwise under such terms as the Town may specify consistent with applicable legal requirements; or take any action related thereto.

(Inserted at the request of the Town Manager)

VOTED: That the Finance Committee supports the No Action recommendation of the Board of Selectmen. (15-3)

ARTICLE 38 DISPOSITION OF REAL ESTATE/PARMENTER SCHOOL

To see if the Town will vote to authorize the Board of Selectmen to dispose of the Parmenter School and/or its appurtenant land by sale or otherwise with proceeds to be set aside for future school capital improvement projects and under such other terms as the Town may specify consistent with applicable legal requirements; or take any action related thereto.

(Inserted at the request of the Town Manager)

VOTED: That the Finance Committee supports the Favorable Action recommendation of the Board of Selectmen. (14-3)

COMMENT:

ARTICLE 39

DISPOSITION OF REAL ESTATE/CROSBY SCHOOL

To see if the Town will vote to authorize the Board of Selectmen to dispose of the Crosby School and/or its appurtenant land by sale or otherwise with proceeds to be set aside for future school capital improvement projects and under such other terms as the Town may specify consistent with applicable legal requirements; or take any action related thereto.

(Inserted by the Board of Selectmen)

VOTED: That the Finance Committee supports the Favorable Action recommendation of the Board of Selectmen. (13-3-1)

COMMENT:

ARTICLE 40-42 The Board of Selectmen will report on these articles.

ARTICLE 43

VOTE/ANNUAL RESERVE FUND

To see if the Town will adopt the practice of appropriating to the Annual Reserve Fund an amount equal to one percent (1%) of the Town's annual appropriation, and the practice of using of the Annual Reserve Fund to fund unforeseen expenses incurred by all Town Departments (including the school department); or take any action related thereto.

(Inserted at the request of the Vision 2020 Fiscal Resources Task Group)

VOTED: That no action be taken on this article.

COMMENT: The Finance Committee has several concerns with this proposal. A set policy establishes a one size fits all theme. We believe the size of the reserve fund should be determined each year depending upon the projected needs. Over the last several years, the Finance Committee has recommended an increase in the reserve fund to a higher level due to the poor economy and the tremendous burden on our budgets. We are now comfortable with the current level. The other concern is that if the reserve fund gets too big, department heads might feel less pressure to control their budgets, because the reserve fund can always take care of any overages. We want departments to come to the reserve fund as a last resort and not just a replacement for poor control.

ARTICLE 44

AMEND TOWN MANAGER ACT/CONSOLIDATED TOWN-SCHOOL HUMAN RESOURCE DEPARTMENT

To see if the Town will vote to authorize and request the Board of Selectmen to file Home Rule Legislation to amend "An Act Establishing a Town Manager Form of Government for the Town Of Arlington," as adopted through Chapter 503 of the Acts of 1952 and as subsequently amended, to delete the existing Sections 24 and 24A relating to the Town Personnel Department and Personnel Board and replace them with a consolidated Human Resource Department and Human Resource Board serving all Town and School Department appointing authorities, provided nothing

herein shall violate school department prerogatives under Chapter 71, Section 37M, of the Massachusetts General Laws; or take any action related thereto.

(Inserted at the request of the Town Government Reorganization Committee)

VOTED: That the Finance Committee supports the Favorable Action vote of the Board of Selectmen.

COMMENT: The Finance Committee supports the consolidation of this critical function in order to bring the most expertise possible to support the Superintendent of Schools, the Town Manager as well as other departments of the Town. A lack of expertise in this critical area can lead to costly arbitration and legal expenses, while a coordinated approach to hiring, layoffs and discipline can lead to better employee/management relations and policies that are clear for all to understand. This effort follows the successful payroll and information technology consolidations of the past several years

ARTICLE 45 BYLAW AMENDMENT/CONSOLIDATED TOWN-SCHOOL HUMAN RESOURCE DEPARTMENT

To see if the Town will vote to amend Title I, Article 6 (“Classification and Compensation Plans and Personnel Bylaw”) and/or any other relevant provision of the Bylaws to authorize and implement a consolidated Human Resource Department and Human Resource Board serving all Town and School Department appointing authorities, provided nothing herein shall violate school department prerogatives under Chapter 71, Section 37M, of the Massachusetts General Laws; or take any action related thereto.

(Inserted at the request of the Town Government Reorganization Committee)

VOTED: That the Finance Committee supports the No Action vote of the Board of Selectmen.

COMMENT: The Committee recommends that before any action be taken to amend the Town bylaws, that the above amendment to the Town Manager Act described under Article 44 must be passed by the State Legislature. Once that has taken place we can proceed to bring the bylaw into conformity with the revised Town Manager Act and to provide more details into the process and structure.

ARTICLE 46 BYLAW AMENDMENT/ANNUAL FINANCIAL REPORT

To see if the Town will vote to amend Title I of the Bylaws to require the preparation of an abbreviated Town financial report, as recommended by the Government Finance Officers Association and referred to as - The Public Access Finance Report - to appropriate the necessary funds to do an annual mailing to all households in the Town; or take any action related thereto.

(Inserted at the request of the Town Government Reorganization Committee)

VOTED: That the Finance Committee supports the No Action vote of the Board of Selectmen.

COMMENT: The Finance Committee supports the proposal for an Annual Financial Report to be distributed directly to the citizens each year, but does not see a reason to create a bylaw change at this time. At the end of June, the Town Manager and Treasurer's offices will produce and mail this first report using a tax mailing to avoid extra costs. If the first report is successful, we will examine the need for a bylaw next year.

ARTICLE 47 AMEND TOWN MANAGER ACT/BUDGET SUBMISSIONS

To see if the Town will vote to authorize and request the Board of Selectmen to file Home Rule Legislation to amend "An Act Establishing a Town Manager Form of Government for the Town of Arlington," as adopted through Chapter 503 of the Acts of 1952 and as subsequently amended, to set procedural, timing, and substantive requirements concerning the submission of annual budget requests to the School Committee, Board of Selectmen, and Finance Committee; or take any action related thereto.

(Inserted at the request of the Town Government Reorganization Committee)

VOTED: **That the Finance Committee supports the Favorable Action vote of the Board of Selectmen.**

COMMENT: The Finance Committee recommends the above motion to create a more coordinated budget process. Currently the wording requires that the Town Manager deliver the budgets under his control to the Board of Selectmen and the Finance Committee on or about the 2nd day of January. It also requires all other departments to also deliver their budgets to the Board of Selectmen and the Finance Committee on or about the 2nd day of January. There is no requirement that anyone deliver a comprehensive and balanced budget to the executive branch of our government (the Selectmen) or the legislative branch (the Finance Committee and Town Meeting). It becomes the job of the part time Finance Committee to put together a comprehensive and balanced budget to be delivered to Town Meeting. The Finance Committee is recommending that it become the responsibility of the Town Manager to receive all of the budgets of the Town and deliver to the Selectmen and Finance Committee a comprehensive and balanced budget. It is then the responsibility of the Finance Committee to review that budget, do its own analysis, make the adjustments it sees fit and present the budget to Town Meeting.

ARTICLE 48 BYLAW AMENDMENT/BUDGET SUBMISSIONS

To see if the Town will vote to amend the Bylaws to set procedural, timing and substantive requirements concerning the submission of annual budget requests to the School Committee, Board of Selectmen, and Finance Committee; or take any action related thereto.

(Inserted at the request of the Town Government Reorganization Committee)

VOTED: **That the Finance Committee supports the No Action vote of the Board of Selectmen.**

COMMENT: As recommended under Article 45, the Finance Committee recommends that before any action be taken to amend the Town bylaws, that the amendment to the Town Manager Act described in the Board of Selectmen's report must be passed by the State Legislature. Once that has taken place we can proceed to bring the bylaw into conformity with the revised Town Manager Act and to provide more details into the process and structure.

ARTICLE 49 CREATE COMMITTEE FOR LONG TERM FINANCIAL PLANNING

To see if the Town will vote to establish a committee to review long-term economic, social, and political trends that could affect the Town and to make reports and recommendations to Town Officials; or take any action related thereto.

(Inserted at the request of the Town Government Reorganization Committee)

VOTED: That the Finance Committee supports the No action vote of the Board of Selectmen.

COMMENT: The Finance Committee believe that the tasks being recommended under this new committee are already being handled by other committees and office holders. A new committee will accomplish little except to take more time away from officials in their other duties.

ARTICLE 50 VOTE/EXTEND TOWN REORGANIZATION COMMITTEE OF 2009

To see if the Town will vote to amend the vote of the 2009 Town Meeting under Article 32 to provide that the Town Government Reorganization Committee of 2009 shall dissolve upon completion of the 2012 Annual Town Meeting; or take any action related thereto.

(Inserted at the request of the Town Government Reorganization Committee)

VOTED: That the Finance Committee supports the Favorable Action vote of the Board of Selectmen.

COMMENT: The Finance Committee recommends that the TGRC be extended for one year for the sole purpose of supervising the implementation of the recommendations described in its report and approved by Town Meeting. These duties would include meeting with Town officials to encourage progress on those issues as well as drafting proposed bylaws to bring them into consistency with the changes in the Town Manager Act. These bylaws could also fill in more details in process and structure for these recommendations.

ARTICLE 51 VOTE/IMPLEMENTATION OF CONSOLIDATED TOWN-SCHOOL FINANCE DEPARTMENT

To see if the Town will vote to request the Town Manager to work with the Board of Selectmen and the School Committee to take all necessary measures for the implementation of a consolidated

(Inserted at the request of Alan H. Jones and 10 registered voters)

COMMENT:

ARTICLE 54 COLLECTIVE BARGAINING

- A. Local 680, American Federation of State, County and Municipal Employees;
- B. Service Employees International Union (formerly NAGE);
- C. Robbins Library Professional Association;
- D. Local 1297, International Association of Firefighters;
- E. Arlington Patrolmen's Association;
- F. Arlington Ranking Police Officers' Association;
- G. M Schedule and non-union employees; and
- H. Full-time elected officials

The Finance Committee will report on this article at Town Meeting.

ARTICLE 55 POSITIONS RECLASSIFICATION

(Inserted at the request of the Town Manager and the Director of Personnel)

1. By reclassifying the following positions:

A. Senior Loan Officer ATP3 to ATP4 Weatherization (Grant Funded)	FTE1	
B. Director of Veterans Services ATP4 to ATP5	FTE1	\$2,736

Health and Human Services

C. Information and Referral Specialist OA3 to OA5 Health and Human Services	FTE.54	\$1,977
D. Public Health Compliance Officer ATP7 to ATP8 Health and Human Services	FTE1	\$2,185
E. Youth Health and Safety Coordinator ATP7 to ATP8 Health and Human Services (Grant Funded)	FTE1	
F. Recreation Supervisor ATP6 to ATP7 Recreation (Enterprise Fund)	FTE1	

And to fund the \$6,898 appropriation as indicated above, said sum to be raised by general tax and included in the budgets of the departments affected.

2. By adding the following positions:

A. Office Manager – Health and Human Services ATP5 Health and Human Services	FTE.8
B. Administrative Assistant/Billing Agent AYCC ATP4 Health and Human Services	FTE1
C. GIS Coordinator Information and Technology ATP9	FTE1
D. Public Information Officer ATP13 Town Manager	FTE.6

3. By deleting the following positions:

A. Principal Clerk and Secretary – Health and Human Services Health and Human Services	FTE1
B. Principal Clerk and Secretary – Youth Services Health and Human Services	FTE1
C. Web Content Manager ATP7	FTE .54

ARTICLE 56

APPROPRIATION/TOWN BUDGETS

To see if the Town will vote to make appropriations to defray Town obligations, liabilities, outlay and expenses and especially for or relating to all or any of the boards, departments, purposes and matters hereinafter mentioned, and to provide for the disposal of motor vehicles and other personal property belonging to the Town, determine how the money shall be raised and expended; or take any action related thereto: Finance Committee, Board of Selectmen, Town Manager, Personnel, Comptroller, Information Technology, Town Treasurer and Collector of Taxes, Assessors, Legal

and Workers' Compensation, Town Clerk, Registrars, Planning and Community Development, Redevelopment Board, Parking, Zoning Board of Appeals, Public Works, Cemeteries, Community Safety, School Department, Libraries, Human Services, Insurance, Non-Contributory Pensions, Contributory Pensions, Town Debt and Interest, Reserve Fund, and/or any other Town Departments, Boards, Commissions or Committees, Water and Sewer Enterprise Fund, Recreation Enterprise Fund, Council on Aging Transportation Enterprise Fund, Veterans' Memorial Rink Enterprise Fund, and Youth Services Enterprise Fund.

(Inserted by the Board of Selectmen and at the request of the Town Manager)

See B1 Below.

ARTICLE 57

CAPITAL BUDGET

To see if the Town will vote to appropriate a sum of money to defray the expense of purchasing, leasing, or bonding of capital equipment, infrastructure, buildings or other projects of the Town or to acquire real property for municipal purposes; to appropriate a sum of money to fund previously incurred or future Town debt, to acquire land for said projects where necessary by purchase, eminent domain taking or otherwise, determine how the money shall be raised including the possibility of borrowing any or all of the same, or the transfer of funds from any previous appropriation, determine how such money shall be expended; or take any action related thereto.

(Inserted by the Board of Selectmen, and at the request of the Town Manager and the Capital Planning Committee)

ARTICLE 58

APPROPRIATION/TAKINGS-MASSACHUSETTS AVENUE SIDEWALKS

To see if the Town will vote to act by and through the Board of Selectmen to take by eminent domain, purchase, or otherwise acquire outright or acquire permanent or temporary easements along Massachusetts Avenue between Pond Lane and the Cambridge City Line for the purpose of improving or replacing sidewalks in connection with the Commonwealth's Transportation Improvement Program, to appropriate a sum or sums of money for such acquisitions, determine how the money will be raised and expended, including the possibility of borrowing any or all of it; or take any action related thereto.

(Inserted at the request of the Town Manager and the Director of Public Works)

VOTED: **That no action be taken on this article.**

COMMENT: Action under this article is taken under Article 7 of the Special Town Meeting.

**ARTICLE 59 APPROPRIATION/FINANCING OF CONSTRUCTION OR
RECONSTRUCTION OF SEWERS AND SEWERAGE FACILITIES**

To see if the Town will vote to appropriate a sum of money for the purpose of financing the construction or reconstruction of sewers and sewerage facilities for inflow/infiltration reduction or system rehabilitation, including costs incidental and related thereto, and to determine how the appropriation shall be raised or expended, including the possibility of borrowing all or some of same; or take any action related thereto.

(Inserted at the request of the Town Manager and the Director of Public Works)

VOTED: That the sum of \$1,300,000 be and hereby is appropriated for the purpose of financing the construction or reconstruction of sewers and sewerage facilities, inflow/infiltration reduction or system rehabilitation, including costs incidental and related thereto; that to raise this appropriation the Treasurer, with the approval of the Board of Selectmen, is authorized to borrow \$1,300,000 under and pursuant to Chapter 44, Section 7, of the General Laws, as amended, or any other enabling authority and to issue bonds or notes of the Town therefore; and that the Board of Selectmen and the Town Manager be and hereby are authorized to enter into any agreements they determine to be necessary in connection with the project and its financing and are further authorized to accept and expend in addition to the foregoing appropriation any grants that may be come available from the Massachusetts Water Resources Authority or other sources.

COMMENT: This authorization allows the Town to receive an interest free loan from the MWRA.

**ARTICLE 60 APPROPRIATION/FINANCING OF CONSTRUCTION OR
RECONSTRUCTION OF WATER MAINS AND WATER
FACILITIES**

To see if the Town will vote to appropriate a sum of money for the purpose of financing the construction or reconstruction of water mains and water facilities, including costs incidental and related thereto, and to determine how the appropriation shall be raised and expended including the possibility of borrowing all or some of same; or take any action related thereto.

(Inserted at the request of the Town Manager and the Director of Public Works)

VOTED: That the sum of \$700,000 be and hereby is appropriated for the purpose of financing the construction or reconstruction of water mains and water facilities, including costs incidental and related thereto; that to raise this appropriation the Treasurer, with the approval of the Board of Selectmen, is authorized to borrow \$700,000 under and pursuant to Chapter 44, Section 8, of the General Laws, as amended, or any other enabling authority and to issue bonds or notes of the Town therefore; and that the Board of Selectmen and the Town Manager be and hereby are authorized to enter into any agreements they determine to be necessary in connection with the project and its financing and are further authorized to accept and expend in addition to the foregoing

appropriation any grants that may become available from the Massachusetts Water Resources Authority or other sources.

COMMENT: This authorization allows the Town to receive an interest free loan from the MWRA.

ARTICLE 61

APPROPRIATION/MINUTEMAN REGIONAL VOCATIONAL TECHNICAL HIGH SCHOOL

To see if the Town will vote to appropriate a sum of money for the purpose of paying the Town's apportioned share of the operating and maintenance costs, including capital costs, of the Minuteman Regional Vocational Technical High School, determine how the money shall be raised and expended; or take any action related thereto.

(Inserted at the request of Minuteman Regional Vocational School District Committee)

VOTED: That the sum of \$2,352,988 and hereby is appropriated for the purpose of paying the Town's apportioned share of the operating and maintenance costs, including capital costs, of the Minuteman Regional Vocational Technical High School District Budget; said sum to be raised by general tax and expended under the direction of the Minuteman Regional Vocational Technical High School Committee.

ARTICLE 62

APPROPRIATION/COMMITTEES AND COMMISSIONS

To see if the Town will vote to appropriate a sum or sums of money to be expended under the direction of various committees, commissions, and boards of the Town, determine how the money shall be raised; provided that any funds appropriated hereunder shall remain under the jurisdiction of said entities until expended at their direction, unless otherwise appropriated by the Town Meeting; the entities included hereunder, without limitation, are: Arlington Historical Commission, Arlington Recycling Committee, Avon Place Historic District Commission, Broadway Historic District Commission, Central Street Historic District Commission, Mt. Gilboa/Crescent Hill Historic District Commission, Jason/Gray Historic District Commission, Pleasant Street Historic District Commission, Russell Historic District Commission, Conservation Commission, Capital Planning Committee, Commission on Disability, Personnel Board, Public Memorial Committee, Human Rights Commission, Scenic Byway/Tourism/Economic Development Committee and any other Town Committee or commission; or take any action related thereto.

(Inserted at the request of the Town Moderator and the Finance Committee)

VOTED: That the sum of \$14,760 be and hereby is appropriated to be expended by the following commissions, committees, and boards in the amounts indicated:

A. Arlington Historical Commission – \$2,160

B. Historic District Commissions – \$5,100

(Avon Place Historic District Commission, Broadway Historic District Commission, Central Street Historic District commission, Jason/Gray Historic District Commission, Russell Historic District Commission,

Pleasant Street Historic District Commission and Mount Gilboa/Crescent Hill Historic District Commission)

C. Capital Planning Committee – \$0

D. Commission on Disability – \$3,000

E. Recycling Committee – \$0

F. Human Rights Commission – \$4,500

Said sums to be raised by general tax and expended under the direction of the various commissions, committees and boards.

COMMENT:

It is the Finance Committee's understanding that up to \$3000 will be transferred to the Recycling Committee to encourage recycling from the White Goods Recycling Revolving Fund (Article 35 of the 2006 Annual Town Meeting) with approval of the Recycling Coordinator. This agreement is in place of the annual direct appropriation.

ARTICLE 63

APPROPRIATION/TOWN CELEBRATIONS, ETC.

To see if the Town will vote to appropriate a sum or sums of money to be expended under the direction of the Town Manager for the following celebrations and memorials, determine how the money shall be raised and expended; or take any action related thereto:

Veterans' Day Parade

Memorial Day Observation and the Patriots' Day Celebration

Display of American Flags on Massachusetts Avenue

Placing of American Flags on the Graves of Veterans

(Inserted at the request of the Town Manager)

VOTED:

The sum of \$10,167 be and hereby is appropriated for the following celebrations and memorials in the amounts indicated:

A. Veterans' Day Parade, Memorial Day Observation and the Patriots' Day Celebration. - \$5,667

B. 2010 Town Day Celebration - \$0

C. Display of American Flags on Massachusetts Avenue - \$0

D. Placing of American Flags on the Graves of Veterans - \$4,500

Said sum to be raised by general tax and expended under the direction of the Town Manager.

ARTICLE 64

APPROPRIATION/MISCELLANEOUS

To see if the Town will vote the following:

Legal Defense – To appropriate a sum of money to replenish the Legal Defense Fund established under Article 13, Section 5 of Title 1 of the Town Bylaws, Out-Of-State Travel – To appropriate a sum of money for expenses incurred outside the Commonwealth and as described in the General Laws, Chapter 40, Section 5, Paragraph 34, said appropriation to be expended under the direction of the Board of Selectmen and the Town Manager, Indemnification of Medical Costs, to appropriate a sum of money in accordance with the provisions of Chapter 41, Section 100B of the General Laws, to indemnify certain retired Police Officers and Firefighters for all reasonable

medical and surgical expenses which they incurred, determine how the money will be raised and expended; or take any action related thereto.

(Inserted at the request of the Town Manager)

VOTED: The sum of \$11,040 be and hereby is appropriated for the following purposes:

- A. Legal Defense - To appropriate a sum of money to replenish the Legal Defense Fund established under Article 13 of Title I of the Town By-Laws - \$0**
- B. Out-Of-State Travel - To appropriate a sum of money for expenses incurred outside the Commonwealth and as described in the General Laws, Chapter 40, Section 5, Paragraph 34, said appropriation to be expended under the direction of the Board of Selectmen and the Town Manager - \$1,500**
- C. Indemnification of Medical Costs – \$9,540**

(To indemnify certain retired Police Officers and Firefighters for all reasonable medical and surgical expenses which they incurred during 2010 that are the proximate result of the disability for which they were retired; and to defray the expenses of the Medical Panel required by law; provided, incurred expenses shall be considered for indemnification thereunder except only those such as are excess over covered benefits of any plan of Hospital, Surgical or other coverage which the retiree has or had available to him, either directly or through a member of his immediate family, which benefits shall be considered primary, and which must be disclosed by such plan, or by the physician, hospital or other medical personnel or facility with or without the consent of the retiree.)

Said sums to be raised by general tax and expended under the direction of the Town Manager.

COMMENT:

ARTICLE 65 APPROPRIATION/ARLINGTON'S WATER BODIES FUND

To see if the Town will appropriate a sum of money to the Town's Water Bodies Fund for the maintenance, treatment and oversight of the Town's water bodies, said sum (\$15,000.00) to be raised by the general tax and expended under the direction of the Town Manager who will also report to Town Meeting on the status of the fund; or take any action related thereto.

(Inserted at the request of the Vision 2020 Standing Committee and its Environment Task Group's Spy Pond Committee)

VOTED: That no action be taken under this article.

COMMENT: Action under this article is taken under Article 66.

ARTICLE 66**APPROPRIATION/ARLINGTON'S WATER BODIES FUND**

To see if the Town will appropriate a sum of money to the Town's Water Bodies Fund for maintenance, treatment, and oversight of the Town's water bodies, said sum (\$20,000) to be raised by the general tax and expended under the direction of the Town Manager; or take any action related thereto.

(Inserted at the request of the Conservation Commission)

VOTED:

That the sum of \$20,000 be and hereby is appropriated to the Water Bodies Fund for the purpose of maintaining, treating and oversight of the Town's water bodies. Said sum to be raised by the general taxes and expended under the direction of the Town Manager. The Town Manager shall report to the next Annual Town Meeting on the status of the water bodies of the Town.

COMMENT:

The Water Bodies Fund, established by special legislation three years ago, is used for periodic testing, treatment, maintenance and oversight of the town's water bodies. The fund receives private as well as public donations. The current need is for treatment to reduce growth of invasive weeds at Spy Pond, the Arlington Reservoir, and Hills Pond.

ARTICLE 67**APPROPRIATION/PENSION ADJUSTMENT FOR FORMER TWENTY-FIVE YEAR/ACCIDENTAL DISABILITY EMPLOYEE**

To see if the town will vote to appropriate a sum of money to implement the provisions of Chapter 32 of Massachusetts General Laws Section 90A, 90C, 90D, and 90E, pursuant to which the Town pays up to fifty percent of the maximum salary as set forth in the Compensation and Pay Plan for the position formerly held by retired employees with twenty-five or more years of service to the Town and those employees who retired under an Accidental Disability; provided, however, that no one who retires after May 1, 2010 shall be eligible under this vote unless they qualify for at least a fifty percent pension without this vote upon their retirement. This adjustment to be paid to those who qualify and administered in accordance with prior practice and understanding relating to the retirement allowance of said retirees; determine how the money shall be raised and expended; or take action related thereto.

(Inserted at the request of the Contributory Retirement Board)

VOTED:

That the sum of \$0 be and hereby is appropriated to implement the provisions of Chapter 32 of Massachusetts General Laws Section 90A, 90C, 90D and 90E, pursuant to which the Town pays up to fifty percent of the maximum salary as set forth in the Compensation and Pay Plan for the position formerly held by retired employees with twenty-five or more years of service to the Town and those employees who retired under an Accidental Disability; provided, however, that no one who retires after May 1, 2010 shall be eligible under this vote unless they qualify for at least a fifty percent pension, without this vote, upon their retirement. This adjustment to be paid to those who qualify, and administered in accordance with prior practice and understanding relating to the retirement allowance of said retirees; said sum to be expended under the direction of the Retirement Board.

COMMENT: This vote, which is required annually, allows the Retirement Board to ensure that retired employees will not drop below 50% of the current salary of the position they held as an active Town employee. The vote has been modified from the wording used in previous years to close a loophole that allowed employees to increase their pension above what they would otherwise qualify for.

ARTICLE 68

APPROPRIATION/OTHER POST EMPLOYMENT BENEFITS (OPEB) TRUST FUND

To see if the Town will vote to accept into the Other Post Employment Benefits (OPEB) Trust Fund, established by Chapter 161 of the Acts of 2005, an appropriation of funds and/or the transfer of additional monies that the Town may deem advisable from other sources, including any monies previously deposited into any of the Town's stabilization funds for this purpose, in order to administer and fund its OPEB obligation as described in the said Chapter 161 of the Acts of 2005; determine how the monies shall be raised and expended; or take any action related thereto.

(Inserted at the request of the Contributory Retirement Board)

VOTED: That the Town appropriates into said Other Post-Employment Benefits Fund (OPEB), authorized by Chapter 161 of the Acts of 2005, the sum of \$389,428 representing that amount of money that is the difference between the previously established base amount of \$500,000 and the fiscal 2012 appropriation for the non-contributory pension obligation; said sum to be raised by the general tax;

COMMENT: This recommendation continues the program to fund the unfunded liability for retiree health insurance. For fiscal 2012, because of extreme budget reductions, the Board of Selectmen has voted to temporarily drop the requirement that funds freed up from the increase in retiree contributions from 10% to 15% be allocated to the OPEB fund.

ARTICLE 69

ACCEPTANCE OF LEGISLATION/INCREASE OF COLA BASE

To see if the Town will vote to accept the provisions of Section 19 of Chapter 188 of the Acts of 2010, which amends Section 103 (j) of Chapter 32 of the Massachusetts General Laws giving the Contributory Retirement Board authority to increase the maximum base on which the cost-of-living increase is calculated for retirees of the Arlington Retirement System from \$12,000 to \$15,000; or take any action related thereto.

(Inserted at the request of the Contributory Retirement Board)

VOTED: That no action be taken on this article. (16-1)

COMMENT:

To see if the Town will vote to accept the provisions of Section 28 of Chapter 131 of the Acts of 2010 to increase the benefit paid to survivors under Massachusetts General Law Chapter 32, Section 101 from \$6,000 to \$9,000 annually; or take action related thereto.

SPECIAL TOWN MEETING

Monday, May 9, 2011

The Finance Committee recommends passages of the following votes:

(Unless otherwise indicated, the following recommendations were by unanimous votes: any exceptions are noted in parentheses following the text of the recommended vote. The Chairman votes only when the recommendation of the Finance Committee will be affected.)

ARTICLE 2

AMENDMENTS TO FY2011 BUDGETS

To see if the Town will vote to revise various FY2011 appropriations previously voted by the 2010 Annual Town Meeting; or take any action related thereto.

(Inserted at the request of the Town Manager)

VOTED: That the following amounts be added to Budget E Youth Services Division voted at the April 26, 2010 Annual Town Meeting:

Salaries	\$62,782
Expenses	<u>55,575</u>
Total Increased Expenses	\$118,357
Revenues(billings)	\$98,500
Retain earnings	<u>19,857</u>
Total Increase Revenues	\$118,357

COMMENT: The Arlington Youth Counseling Center (formerly the Arlington Youth Consultation Center) has reformatted how it provides services to its clients. A large part of the work is now performed by part time “fee for service” workers who are only paid for work performed without benefits. The revenues and payments for these workers were not accounted for in the budgets voted at the last Annual Town Meeting.

ARTICLE 3

APPROPRIATION/ARLINGTON HIGH SCHOOL REPAIR

To see if the Town will vote to appropriate a sum of money from the Municipal Building Insurance Fund for the cost of emergency repairs to the Arlington High School; or take any action related thereto.

(Inserted at the request of the Town Manager)

VOTED: That the sum of \$92,000 be appropriated for the payment of emergency repairs to the Arlington High School; said funds to be taken from the Municipal Building Insurance Fund.

COMMENT: The damage to the high school was caused by a burst water pipe.

ARTICLE 4

CAPITAL BUDGET/STRATTON SCHOOL

To see if the Town will vote to appropriate a sum of money for Phase 2 renovations to the Stratton School, determine how the money shall be raised and expended, including the possibility of borrowing all or some of same; or take any action related thereto.

(Inserted at the request of the Superintendent of Schools)

VOTED: **That no action be taken under this article.**

COMMENT: This article was submitted to allow the redistribution of funds between fiscal years to meet Massachusetts School Building Authority requirements. However appropriate steps were able to be taken under the Capital Budget in the Annual Town Meeting and action under this article is no longer needed.

ARTICLE 5

CAPITAL BUDGET/THOMPSON SCHOOL

To see if the Town will vote to appropriate a sum of money to remodel, renovate, construct an addition to, and/or construct a wholly new building for the Thompson School, to determine how the money shall be raised and appropriated, including the possibility of borrowing same; or take any action related thereto.

(Inserted at the request of the Superintendent of Schools)

VOTED: **\$20m (waiting for vote from Town Counsel)**

ARTICLE 6

APPROPRIATION/UNPAID BILLS FROM PREVIOUS FISCAL YEARS

To see if the Town will vote to appropriate a sum of money for the payment of unpaid bills for services rendered; or take any action related thereto.

(Inserted at the request of the Superintendent of Schools)

VOTED: **That the sum of \$4,207 be appropriated for the payment of unpaid prior year bills in the School Department; said funds to be taken from available funds in the treasury (free cash).**

COMMENT: These bills for arbitration services were submitted after the end of fiscal year 2009 and after the books of the Town were closed. Municipal departments cannot by law utilize the current appropriations to pay prior year bills. The only recourse is for Town Meeting to appropriate or transfer funds by a 90% vote to cover prior years bills. These bills have nothing to do with the Boris/Coughlin arbitration case.

ARTICLE 7

The Board of Selectmen will report on this article.

COMMENT: No appropriation is needed under this article.

Memo

To: Finance Committee

From: Charlie Foscett

CC:

Date: 3/20/2011

Re: Selling Town Assets to Support the Thompson School Rebuild Articles 36, 37, 38 and 39

Overview and Background

The Town has a plan in place to rebuild or renovate the APS infrastructure; the plan was initiated in 1991. The first element was the renovation of the Ottoson Middle School which was undertaken within the Prop 2½ limit under the Town's Five Year Capital Plan. Subsequently, there were Debt Exclusion votes, the first to rebuild the Bishop, Hardy and Brackett, and the second, in 2000, for the Peirce, Dallin, Stratton and Thompson. The earlier debt exclusion was for \$22 million, and the latter for \$34.5 million. The first three schools were finished on time and in budget, and benefited from the 63% reimbursement proposed by the advocates of the referendum and offered by the Massachusetts School Building Assistance Board, or SBAB.

The second set of schools has been beleaguered with a number of problems and complexities. During the Rebuild referendum campaign, it became clear that only the first two schools planned, the Peirce and the Dallin would benefit from the full 63% reimbursement. The SBAB had announced that it was lowering the reimbursement rate to the 50% range. In the early days of the Romney Administration, the Administration put a moratorium on all school rebuilding projects; the Peirce had already started, but the Dallin was delayed. Then the Governor and Legislature dissolved the SBAB and instituted a new regime, the Massachusetts School Building Authority (MSBA) under the State Treasurer's office. Qualification rules, reimbursement rules and payment rules were changed. The Dallin was approved under the SBAB, but rebuilt under the MSBA. The new MSBA qualification rules essentially eliminated the Stratton from consideration, and after some delay, a project for the Thompson has moved forward under the envelope of MSBA direction.

Because of the long delays, inflation, competition with other school projects and the Big Dig, changes in code standards and "project creep", the Pierce and Dallin schools consumed about \$22.5 million of the \$34.5 million of the debt exclusion referendum; less than \$12 million remains, and due to the commitment to voters to build under a reimbursement program, only about half of that is politically¹ available.

Under current MSBA standards, it appears that the lowest price that the Town may be able to rebuild the Thompson for is in the range of \$15 million to \$20 million. Depending on market conditions, the bid prices could come in higher than \$20 million or they could come in the lower range closer to \$15 million.

¹ From a strictly legal perspective, the Department of Revenue has ruled that the Town could spend the full amount voted, no matter what commitments were made to the voters.

It is the announced intention of the Thompson School Building Committee (TSBC) to prepare staged or optional bid requirements, such that the TSBC and its advisors could accept different cost levels if the totality of bids came in too high.

The Town is funding over \$2 million of improvements to the Stratton School under the Capital Budget, and the School Department expects to get a "Green Grant" from the MSAB that will further enhance the Stratton project. But the Town needs to use remaining Debt Exclusion funds, state reimbursement and additional funds for the Thompson Rebuild project.

Under the current fiscal stress that the Town is facing, and considering the local and national economic conditions, it is unlikely that the benefits of an additional debt exclusion will be available for the Thompson project. The attached document, "Estimated Thompson Sources and Uses of Funds" summarizes the potential funds available that would obviate the need for the Town to seek a debt exclusion referendum to fund the Thompson school rebuilding project.

Two key elements of this funding plan are the uses of non-exempt capital funds from the Capital Budget, and the conversion of non-core Town assets to cash by selling those assets to third parties. These could include the Parmenter School, the Crosby School, 23 Maple Street, and potentially other assets if they are identified.

I conclude by asking for your approval of these articles, and noting that the property value to the current lessees is probably 1.5x to 2x what the RKG report (which I think is flawed) says it is.

Arlington's Core Mission

Discussion of Articles 36,37,38 and 39 prompt consideration of the core mission of the Town. There could, no doubt, be books and theses written on this subject, but I think there are a few core objectives that the Town must provide for. These include, in my subjective order of priority (because the earlier priorities insure the later priorities), the following:

1. Insuring Public Safety, Public Health and Public Order. This includes police, fire, health department, building codes, zoning, traffic rules, etc. Without these, citizens (parents, children, shoppers, senior citizens, shopkeepers, businesses, shoppers, visitors, etc.) could not go about their daily activities.
2. Maintaining Public Works and Infrastructure. The highways, by-ways, buildings and equipment necessary to assure the first mission are surely the second mission. If fire trucks can't get to a residence or commercial building, if there is no center for administration, etc., none of the core objectives can be achieved.
3. Education of Children. Since the earliest days of our Colonies, our Commonwealth, and our Nation and our Town, this has been a primary obligation of our common society. Even President Jefferson planned an allocation of a portion of the Louisiana Purchase to this end.
4. Other Common and Societal objectives. These include social back-up nets for senior citizens or the less fortunate, parks and recreation, arts and culture, beautification programs etc.

The Issues Surrounding Asset Sales to Support the Thompson School Rebuild Project

There are a number of issues surrounding the potential sale of the assets being considered in Town Meeting that the Finance Committee might consider. These are need, core mission, operating cost, capital cost, debt and risk.

1. **Need.** Given the current financial circumstances of the Town, the State, and indeed, the Nation, it is hard to argue that there is no need. The attached spreadsheet presents the situation in clear numbers. Since this is a draft document and still a work-in-process, the need may even be greater than shown on this worksheet.
2. **Core Mission.** In my view, the education of our children is one of the most important of our core missions, as I have outlined above. As Finance Committee members, it is our obligation to recommend ways to Town Meeting to finance the core activities of the Town. In my view, renting old Town buildings, no matter how noble the cause, to unrelated third parties is not a core mission of the Town.
3. **Operating Cost.** Managing and renting buildings and real estate is a profession, a huge industry in our area, state and indeed the country. There are highly skilled professionals who work in this area and make a profit at it. Some companies don't make a profit and eventually fail, because it is a complex business, and it has high costs and there are high risks. In renting to non-profit organizations, such as the Town does, income is by definition lower and the risks higher both because the margins are lower and the lessees are potentially more fragile.

In a recent budget hearing, we have heard that the Director of Planning stated that the principal task of the Assistant Director of Planning was to manage those buildings and that now that he has left, things will more difficult, more risky. Facilities have to be maintained, rents negotiated and collected, contingencies planned for. It may be possible for large cities with a large tax base and greater resources to run a profit-making real-estate development and management company. But Arlington doesn't have the resources or the economies of scale.

4. **Capital Cost.** The opponents of the sale of these buildings have argued that the capital costs have been low. I would not doubt that if the Town manager had an option to recommend improvements in Town Hall or the Fire Stations, versus these rented buildings, he would choose the former. In fact, that has been what has happened. We have built a new station at Park Circle, we are renovating Highland Station, we are renovating Central Station and we are in the early stages of a ten year program to renovate the Community Safety Building. Most relevant, we have been in a program to spend \$70 million on our elementary school infrastructure since 1991. All of this has been for good reason. The Crosby and Parmenter are of the same vintage as our other school infrastructure, but we are not worried about any spending for them. At least not now.

The reason these buildings do not command the \$15 million value of newer or newly renovated buildings is that they have not received major capital investment. Eventually, due to depreciation and deterioration, the Town will have to make similar investments in these buildings as it has done elsewhere. This concept of deterioration and renewal is so profound that the Federal tax law allows for tax benefits through depreciation to encourage owners to reinvest in, renovate, renew or replace their assets. But why should the taxpayers make such investments for the benefit of third parties that are not part of the Town's core mission?

5. **Debt.** Some current advocates have suggested that the Town should create some sort of a long-term lease and "capitalize" or securitize that into cash. The problem with that idea is that

it pushes the Town into another non-core business, mortgage banking, and the risk of major capital expenditure continues to reside with the Town. In fact, the securitization of similar investments was one of the reasons of the 2008 financial meltdown.

6. Risk. Continuing to own these buildings is all about risk:
 - a. Management risk
 - b. Maintenance risk
 - c. Capital improvement risk
 - d. Risk that we will not be able to fund the Thompson School, which is part of the core mission of the Town.
7. Market Value. The only true way to determine market value is to offer a product for sale. Our former Director of Planning, once removed, Allen McClennen, had told me during his last year at the Town that the market for private school buildings was large, and that there were many potential buyers for the buildings. This is actually contrary to the RKG report on the sale of these schools.

Potential Uses of the Buildings

The potential use of the buildings, once sold, is not the primary domain of the Finance Committee, other than to review such use to determine if a use will have a negative financial impact on the Town. However, there are a number of independent and capable organizations within the Town that are responsible to make those well-considered judgments about use. These include the Town Manager's Office, the Zoning Board of Appeals, the Planning Department, the Redevelopment Board and the Board of Selectmen. Whether the Town should construct a specific transaction with existing tenants, or even whether or not such is allowed by law, is a separate issue, most properly addressed by the Board of Selectmen, the Town Planner, Town Manager and Town Counsel.

The RKG Report is Potentially Flawed

I think the RKG report is flawed because it is slanted towards implying that the value to the current tenants is low. First, they use a 12% "cap rate" for calculating the current value of the property to a non-profit organization. Current mortgage rates are in the under 6% range. A non-profit can't generate a 12% ROI on anything, so it is ridiculous to use that cap rate for their evaluation of value. Second, they subtract the cost of future capital investments, but they don't add in the value of past capital investments.

Finally, I think the RKG report is intentionally misleading. In Table 4 scenario 4, they compare an "adjusted \$ per Sq ft" to a lease per sf showing a change that is typically 8x, e.g. from \$3.50 to \$26. But they are comparing a lease rate per SF to the capital cost per sf. If you assume a typical 25 year mortgage at 6 % you get my modified table below:

Table 4 Modified : Scenario 4 – Sell to Existing Tenants 8% Discount rate										
Sell to		Lease SF	Lease	Rent	Cap	Value	Capital	Adjusted	Annual 25 year Mortgage Payment	Adj. Mortgage \$
Tenants			FY2011		Rate		Improvement	Value		per SF
Crosby School										
Dearborn Academy		37,156	\$ 3.50	\$ 130,046	8.0%	\$ 1,625,575	(\$ 130,000)	\$ 1,495,575	\$ 116,994	\$ 3.15
Parmenter School										
ACC		8,632	\$6.00	\$51,792	8.0%	\$ 647,400				
ISB		14,680	\$8.25	\$ 121,110	8.0%	\$ 1,513,875				
Subtotal		23,312		\$ 172,902		\$ 2,161,275	(\$ 138,000)	\$ 2,023,275	\$ 158,274	\$ 6.79
TOTAL		60,468	\$5.01	\$ 302,948	8.0%	\$ 3,786,850	(\$ 268,000)	\$ 3,518,850	\$ 275,268	\$ 4.55

I have assumed an 8% cap rate, creating a higher price and larger value for the Town (\$3.6 million versus \$2.2 million. Notice that even this is a better deal for the lessees, because their annual payments (25 year mortgage, 6%) are lower with a purchase from the Town than with leasing from the Town, and they accumulate the principal value of the property. In addition, if they were to decline to buy and move elsewhere, they would face the high cost of moving. That should also add to the value of the property. With some more effort, I am sure we could demonstrate that the property is worth over \$4 million for this use.

My conclusion is that the RKG firm was either very careless, or following some agenda designed to drive down the estimate of the property value.

Recommendation

I apologize for not being able to be at the March 21st meeting due to the demands of business travel. I hope that the Finance Committee can consider the issues that I have raised. In my view the most beneficial path for the Town would be to sell these buildings and use the proceeds to fund the Thompson School. If it is legally possible, the Town can make arrangements with the existing tenants to facilitate their acquisition of the property.

I respectfully request that you move favorable action on the disposition by sale of the buildings in the four warrant articles.

Thank you

Charlie

Estimated Project Cost	\$19,000,000
MSBA Reimbursement Rate	47.20%
Est. Non-reimbursible Costs	\$1,000,000
Effective Reimbursement Rate	44.72%

Working Draft Only Not For Quotation or Reference		
Sources	FY2012	Comments
Unused Override Capacity	\$6,302,346	Approximately x% of \$11.9 million
Annual CPC Program		
Stratton	\$2,255,000	Stratton Plan in Capital Plan
Thompson	\$1,616,493	PV of \$120,000 per year previously planned
Disposition of Assets		
Parmenter	\$1,500,000	Politically complicated, may not be possible
Crosby	\$1,500,000	Politically complicated, may not be possible
School Capital Balances		Recast for clarity
Stratton		
Thompson	\$819,957	Town Meeting Vote being spent by TSBC
Sub-total	\$819,957	Some funds spent by TSBC
MSBA Participation Funds	\$8,496,000	Reimbursement at Effective Rate
Total Sources	\$22,489,796	
Uses		
Professional Planning	\$200,000	
Stratton Renovations	\$2,255,000	
Thompson Renovations	\$19,000,000	Estimated Project Cost
Reserve (Shortfall)	\$1,034,796	(Shortfall) or Reserve
Total Uses	\$22,489,796	

\$11,936,262

52.8%

Municipal Building Trust Fund Transfer Request Breakdown

1. Contractor Costs

Capone Cleaning	\$7,112.00
Brendan Gormley Plastering	\$7,800.50
Seven Star Painting	\$4,400.00
State Contract Carpet Co.	<u>\$2,998.00</u>
Subtotal	\$22,310.50

2. Material Costs

Ceiling Tiles	\$1,222.30
Cove-base molding	\$70.36
Floor tile v.c.t, and cement	\$548.00
Carpet adhesive	<u>\$150.00</u>
Subtotal	\$1,990.66

3. Town Overtime Costs

Maintenance Dept.	\$4,876.95
Custodial Dept.	<u>\$1,029.05</u>
Subtotal	\$5,906.00

4. Note: Media Center Carpet (Approx. cost)

Subtotal	\$60,000.00
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Total	\$90,207.16
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